## **BOARD MEMORANDUM**

DATE:

October 20, 2016

TO:

Board of Trustees, Utah School & Institutional Trust Lands Administration

(SITLA)

FROM:

Tom Faddies, Assistant Director/Minerals

Jerry Mansfield, Resource Specialist

RE:

Other Business Arrangement (OBA) – Exploration Agreement with option for a

Non-Competitive Lease of Metalliferous Minerals Proposal, Lisbon Valley Mining

Company LLC. This Proposed OBA has been reviewed by the SITLA Board's Mining Committee and they have recommended the Board consider it for

approval.

LANDS:

T31S, R26E, SLB&M

Section 16

FUND:

School

APPLICANT:

Lisbon Valley Mining Company, LLC

920 South County Road 313

PO Box 400

Moab, Utah 84532

As provided for under Utah Code Anno. 53C-2-401(1)(d)(ii), which permits the Board of Trustees to approve "other business arrangements", Lisbon Valley Mining Company, LLC, on August 19, 2016, submitted a proposal to lease, under the metalliferous minerals lease category, the above-referenced land. The reason this action requires Board approval is the lease is not being offered via any competitive lease process, and the applicant is the only logical operator for the site.

LEASE HISTORY: The 640.00 acres within section 16 passed to the State of Utah under U.S. Confirmatory Patent, 43-65-0057 through the Enabling Act upon statehood, January 1, 1896 (or upon survey date). The section has been leased continuously since about 1973 until the expiration of ML 49302 on April 14, 2014. The lessee of ML 49302 expressed interest in extending the lease. However, no diligence in progressing the lease toward production had been accomplished; though under previous leases Lisbon Valley had completed some exploration activity with cooperation of the lessee. Lisbon Valley Mining holds the mining claims surrounding the State section. They have completed extensive exploration on those claims and expressed interest in the section just prior to expiration of ML 49302 and also expressed interest in securing a lease of the lands at the end of the lease term for ML 49302.

## Proposal:

- Exploration
  - o Five year term
  - Annual Rental; \$1.00 per acre; \$640.00
  - Geologic Mapping
  - Surface Sampling
  - Geophysical Survey (Induced Polarization Resistivity)
  - Exploration Drilling
  - Additional Drilling (Dependent on Initial Drilling)
  - Technical Report with Analysis of Exploration
- Non-Competitive Lease
  - Ten year term
  - Bonus Payment
    - \$10,000.00
  - o Annual Rental
    - \$1.00/acre; \$640.00
  - Production Royalty
    - Same as their existing lease currently in production; approximately equal to 4% of copper ore value.

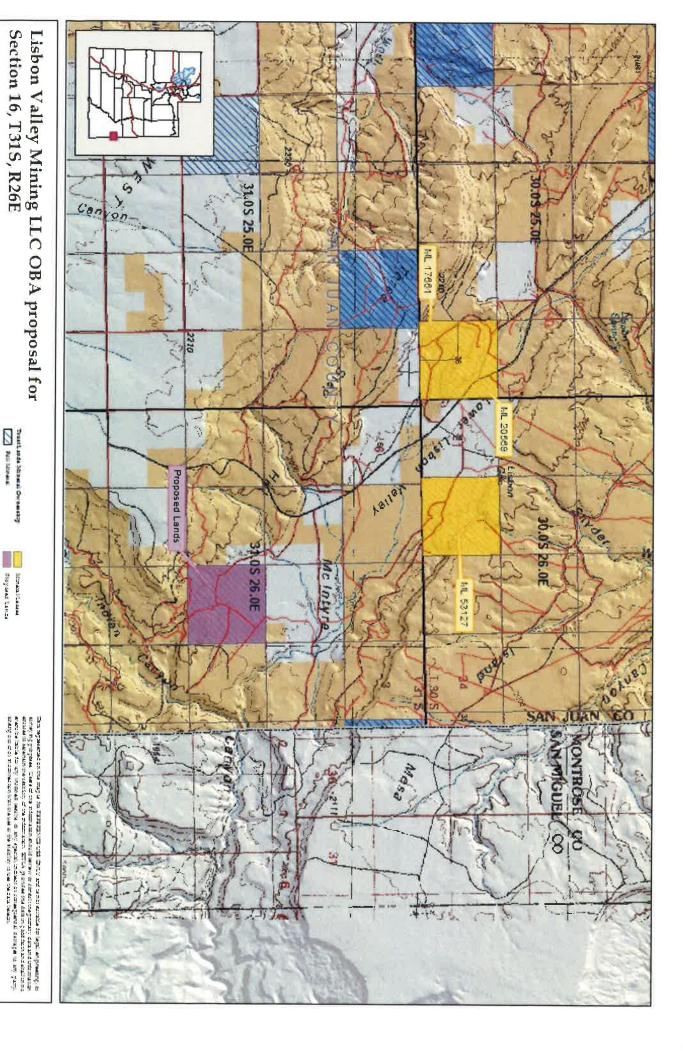
## Recommendation:

The Trust Land Administration recommends that the Board of Trustees, of the School and Institutional Trust Lands Administration, grant approval to an Exploration Agreement with the option to a Non-Competitive Lease of Metalliferous Minerals to Lisbon Valley Mining Company for Section 16 of Township 31 South, Range 26 East, Salt Lake Baseline and Meridian.

Respectfully Submitted by:

Tom Faddies
Assistant Director of Minerals

Jerry Mansfield Resource Specialist



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Land Ownership and Administrator

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